

Sack Distributors

March 7, 2013

Co-Chair Bob Duff
Co-Chair Lonnie Reed
Senator Clark J. Chapin
Representative Laura R. Hoydick

Energy and Technology Committee:

My name is Steve Sack, I own and operate a home heating wholesale company located in Hartford. Sack Distributors is more than 100 years old and I am the 4th generation to work at the company. I am submitting testimony in support of section 18 and in opposition to section 19 of H.B. 6360, AN ACT CONCERNING IMPLEMENTATION OF CONNECTICUT'S COMPREHENSIVE ENERGY STRATEGY.

Every day since I began working in my family's business I have watched the energy markets. Despite new technology, sophisticated financial instruments and access to practically every piece of relevant data when it comes to energy, it is still impossible to predict future prices. And when I say future prices, I mean what the price of fuel will be tonight, tomorrow, next week let alone in 2050 like DEEP's Comprehensive Strategy attempts to do.

I have to believe that the language in section 19 is there because the state thinks that it knows natural gas will be cheaper than heating oil well into the future, or they would not have proposed to increase the hurdle rate to 25 years to help incentivize consumers to switch to natural gas. Well I can tell you as someone who has spent his entire life participating in, and observing energy markets - that is pure speculation!

I know that there has been a lot of talk about the benefit of bringing more natural gas to parts of Connecticut where it does not exist today so that businesses can come to our state. Well that is a pipe dream that will only end in failure. I am very familiar with the real-estate market in the greater Hartford area, and I can tell you that there is abundant commercial and industrial space available that is hooked up to natural gas mains.

The same can be said of Bridgeport, New Haven, Waterbury and virtually every city in the state. If natural gas is the key to economic development, then why do we have so many vacant factories in our cities? By the way, the same natural

gas that this bill wants to provide incentivizes for is available in other states that may have a more business friendly environment.

Adjusting the hurdle rate to lure consumers to switch from home heating oil to natural gas is nothing less than picking winner and losers. Our industry has no problem if the natural gas monopolies want to use their shareholders money to expand their business, but we do have a problem when the state proposes to change the hurdle rate to help our competitors take our customers from us.

As for section 18 of the bill, I am a big advocate to move to an ultra low sulfur heating oil! Going to a 15ppm product will bring a cleaner burning fuel to homes and businesses while making the off-road diesel market more competitive and vibrant.

I ask that the Energy Committee amend the language in H.B. 6360, AN ACT CONCERNING IMPLEMENTATION OF CONNECTICUT'S COMPREHENSIVE ENERGY STRATEGY to prohibit monopolies from recovering their costs from their existing ratepayers when they expand their infrastructure.

I would be happy to answer any questions you may have at this time.

Thank you.

Respectfully,

Steve Sack